

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7650
BILL NUMBER: SB 670

DATE PREPARED: Jan 6, 1999
BILL AMENDED:

SUBJECT: Pensions for Lake County jail employees.

FISCAL ANALYST: James Sperlik
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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that the sheriff's department in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000) may set up a pension trust for the correctional officers in the county. It allows contributions to the pension trust fund of 4% deducted from the correctional officers' salaries to be made each month by the county treasurer. The bill provides that a correctional officer who contributes to the fund is vested for benefits after 10 years of service. It allows full retirement benefits to be paid to a vested correctional officer at 55 years of age, and at 45 years of age if the correctional officer has accrued at least 20 years of service. The bill provides for disability retirement benefits if the correctional officer is found to not be physically or mentally capable of performing the duties of an officer.

It provides that the normal retirement benefit is: (1) the sum of one dollar plus 2 1/2% of the participant's average monthly compensation during the highest paid five years of service, multiplied by the participant's years of credited service up to 20 years; and (2) an additional 2% of the participant's average monthly compensation during the highest paid five years of service multiplied by the participant's years of credited service in excess of 20 years up to an additional 12 years.

The bill allows a correctional officer participating in the pension plan who had been a member of the public employees' retirement fund to receive credit for the same service if the correctional officer purchases, at the total actual cost to the plan, service credit for prior service in the public employees' retirement fund. It allows the sheriff's department to establish and operate a death benefit program for the survivors of a deceased correctional officer.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill allows Lake County to establish a pension plan for Correctional Officers. It is estimated that this proposal will cost the county about \$1.0 million per year. Below is a table which identifies the estimated costs involved.

<u>Summary of Costs</u>	<u>Amount</u>	<u>Percentage of Payroll</u>
Retirement Plan	\$868,757	24.7%
Benefit Plan	<u>147,743</u>	<u>4.2%</u>
Total	\$1,016,500	28.9%

Employee Statistics

Number of Participants	135
1998 Est. Approved Payroll	\$3,517,235
Estimated Annual Employee Contribution	\$140,689

The fund affected is the County General Fund.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Lake County Correctional Officers

Information Sources: Elaine Beaty of McCready & Keene, Inc., actuaries for many of the sheriff's plans, 849-4333.